

# *The President's Daily Brief*

*Top Secret      7 January 1967*



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DAILY BRIEF  
7 JANUARY 1967

1. South Vietnam

There is good evidence of hanky-panky on the Saigon waterfront involving collusion between union officials and the big stevedoring companies.

Officers of these companies have been hinting broadly that the US Army's dockside labor troubles would be over if stevedoring contracts are renewed on "favorable terms" when they expire 30 January. It seems more than coincidental that this also is the date mentioned in recent warnings of another labor flare-up.

2. New Zealand

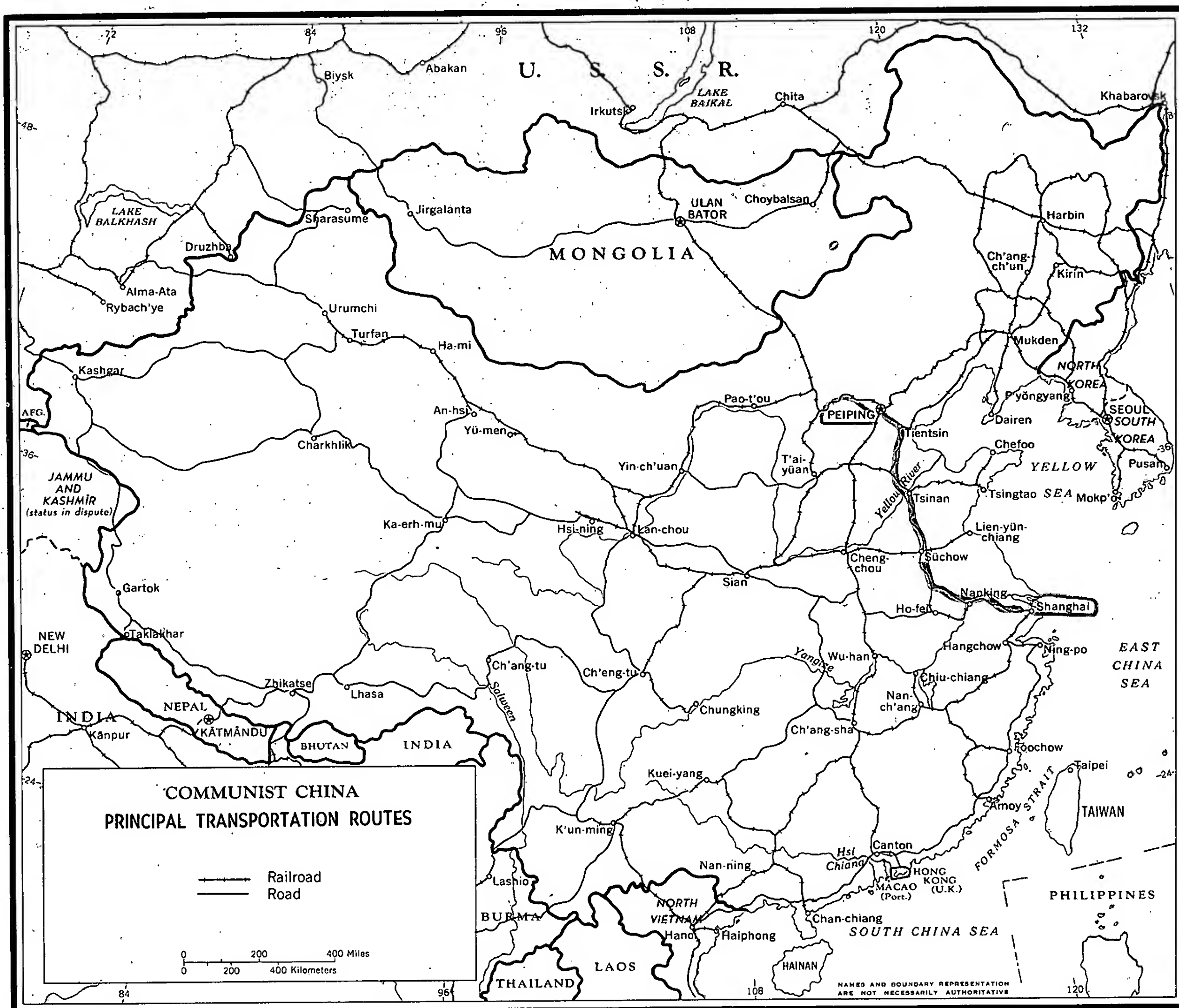
Next month's visit by the Australian prime minister, a rare event in New Zealand, will coincide with a period of soul searching there on whether or not to increase New Zealand's military aid to Vietnam. The Holt visit could well swing the balance in favor of an early increase.

3. Soviet Union

The Soviets are about to issue a major announcement of some sort. The evening paper Izvestia was not published today. It will appear tomorrow morning, along with Pravda and other papers, to carry simultaneously a declaration by the party's Central Committee.

Our best guess is that the announcement will concern China. Various Soviet leaders have been out in the hustings lately explaining the perfidies of the Chinese leaders and preparing the public for a step-up in Moscow's propaganda war against Peking.

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#### 4. Communist China

One of China's most important rail lines has been cut off for all or most of this week, apparently because of some new violent spasm of the "cultural revolution."

press reports that the break took place between Shanghai and Peking on or about 27 December (see Map). Passenger service between these two leading cities had not been restored by 4 January.

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Japanese reporters claim that the rail service was suspended because of "bloody clashes" between worker and Red Guard groups at a place 40 miles from Shanghai. The reporters say they have seen Red Guard posters in Peking explaining that the suspension was caused by violent outbreaks instigated by the mayor of Shanghai.

Nanking, a major city on the Shanghai-Peking railroad, is also reported to be the scene of heavy fighting.

50X1

on 5 and 6 January thousands of workers and Red Guards clashed in pitched battles that resulted in hundreds of casualties.

There are other signs of accelerating disorder in the "cultural revolution" now convulsing China. A Reuters correspondent in Peking observed a weird competition between friends and enemies of Premier Chou En-lai. Some were carrying placards urging that Chou be "burned." Others carried slogans demanding the heads of those who dared attack him.

Events of the past week clearly mark an even higher level of political tension and frantic activity, but they do not indicate that any resolution of the power struggle is in sight. Rather they suggest that the swordplay between the Mao-Liu faction and its enemies has become faster and bloodier. Perhaps the most important thing is that for the first time we are beginning to see a significant breakdown in public order, at least in some areas, and are beginning to wonder whether this will take on the shape of civil war.

7 Jan 67

50X1

50X1

5. Panama

Various patriotic groups are planning four days of special events and demonstrations beginning on Monday to commemorate the 1964 riots.

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6. Nigeria

The meeting of Nigeria's leaders in Ghana this week did at least break the deadlock on some of the most immediate problems of patching the interim military government back together. Much more difficult issues will have to be faced and hard compromises made before the governmental crisis is solved. The leaders seem to be in no hurry. No date has been fixed for their next get-together, though they did agree that it will be held somewhere in Nigeria.

7 Jan 67

50X1

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